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SHULTZ CONDEMNS SOVIET ON SPYING, BUT PRESSES TALKS

Despite His Anger, Secretary Rejects Any Delay, Citing 'Promising' Potential

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Special to The New York Times

WASHINGTON, April 8 — While expressing anger over the reported entry of Soviet agents into the United States Embassy in Moscow, Secretary of State George P. Shultz today rejected any postponement of his coming talks there, citing "potentially promising" negotiations on arms control and other matters.

Mr. Shultz said the Soviet action had "cast a heavy shadow" on the talks with Soviet leaders and added that it would also exact a toll on Soviet-American relations in general.

"They invaded our sovereign territory," he declared. "And we're damned upset about it. We're upset at them, and we're also upset at ourselves, and we intend to do everything we can to correct our problems."

State Dept. Conference

Nevertheless, he said he would not accept suggestions that he postpone the trip. The Administration, he explained, remained committed to creating "a more constructive and stable relationship with the Soviet Union."

Mr. Shultz told a news conference at the State Department he had received negotiating instructions from President Reagan at their last private meeting before Mr. Shultz leaves for Moscow, where he will hold talks next Monday through Wednesday.

A Soviet official in Moscow said today that the American uproar over security breaches at the embassy buildings was intended to poison the atmosphere before Mr. Shultz's visit.

"This has all been invented," said the official, Vladimir F. Petrovsky, a Deputy Foreign Minister. "These are dirty fabrications on the part of those

who want to undermine Soviet-American relations. [Page A10.]

State Department officials saw today's White House meeting as Mr. Shultz's final opportunity to put forth his views in what has reportedly been an acrimonious debate within the Administration. This has produced fundamentally different recommendations to President Reagan about how far to go toward limiting the "Star Wars" space-based defense system in negotiations with the Soviet Union.

Mr. Shultz's instructions were a closely kept secret, and officials would not say how or whether they resolved the disagreements, which have primarily been between the Pentagon and the State Department.

Senior Administration officials also presented Mr. Reagan with two conflicting recommendations on reducing long-range nuclear arms.

The State Department has reportedly urged that both sides agree not to withdraw from the 1972 treaty that limits the testing and development of defensive weapons capable of destroying incoming ballistic missiles. That agreement not to withdraw would last for five years from the effective date of a new treaty, followed by three additional years of negotiations on defensive systems. If no agreement was reached then, deployment could begin.

The Defense Department's proposal, by contrast, would bar deployment for five years but is silent on testing of defense systems. Since experts say that deployment would not be technically feasible before 1994 at the earliest, the proposal would not stand in the way of Pentagon plans for the development of a "Star Wars" system.

Mr. Shultz acknowledged there had been suggestions "from a number of quarters" that his trip to Moscow be postponed or that the talks be held elsewhere. But he said he and the President thought it was important to go ahead as scheduled.

"First of all, they're not going to run us out of our embassy," he said. "No. 2, we feel that there are potentially important things to talk about." Mr. Shultz, an Episcopalian, said, in addition, only in Moscow could he attend a seder on the first night of Passover with Soviet Jewish dissidents. Finally, he said, it would be valuable to meet with Mikhail S. Gorbachev, the Soviet leader. "And you have to go to Moscow to do that."

Representative Daniel A. Mica, Democrat of Florida, and Representative Olympia Snowe, Republican of Maine, said today upon their return from inspecting the embassy in Moscow that they had serious doubts over

whether Mr. Schultz should make the trip.

Over the weekend Mr. Mica and Ms. Snowe toured both the old embassy and the new embassy under construction. Mr. Mica said that based on what he knows now, the new building is so badly compromised it should be torn down. But he added that this question was subject to technical judgment.

Urged to Cancel Visit

Both representatives urged Mr. Shultz to reconsider his decision to go. "We question whether he can conduct any substantive diplomacy in this kind of atmosphere," Mr. Mica said.

Mr. Shultz seemed tense and defensive on the embassy-security question and he denied accusations that the State Department had ignored warnings about security problems there.

Two marine guards who allegedly had affairs with Soviet women have been arrested and charged with giving K.G.B. agents access to some of the embassy's most sensitive areas, including communications and coding facilities and a supposedly secure room where conversations were thought to be safe from eavesdropping devices.

The arrest of a third marine on suspicion of espionage charges was announced today. He had been a guard in the early 1980's at the United States Consulate in Leningrad, and Mr. Shultz said that on the assumption that communications had been compromised, "we ceased secure communications from Leningrad, and we are replacing that capacity rapidly."

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